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FOREIGN POLICY BULLETIN

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BIG THREE SEEK COMMON GROUND ON POLICIES TOWARD EUROPE

PRESIDENT TRUMAN'S announcement on June 13 that he would confer with Prime Minister Churchill and Marshal Stalin in Berlin within three to six weeks indicates his determination to shape the strategy of peace as President Roosevelt shaped the strategy of war—at Big Three conferences unhampered by public scrutiny. And if there is one point on which the "little 45" have agreed at San Francisco, however reluctantly, it is that without cooperation among the great powers, and especially the United States, Britain and Russia, little progress can be made toward the political stabilization or economic reconstruction of Europe. Their acceptance of the great power veto even over amendments to the Charter (for a ten-year period) shows the lengths to which they are prepared to go in order to give the Big Five adequate authority for the maintenance of world security.

This authority, however, can be constructively exercised only if the great powers themselves have a clear idea of their objectives and a sense of responsibility about the methods they use to attain these objectives. As long as we were all engaged in the European war, the impression prevailed that we were fighting not only the military machine of Germany, but also the ideas of Nazism and Fascism which determined the character of German militarism. Now that the first purpose which brought the United Nations into the European war—the military defeat of Germany—has been achieved, the extent to which we are all prepared to support anti-Fascist forces in liberated countries assumes paramount importance.

The United Nations cannot hope to extirpate the roots of Fascism—unemployment, discontent, demoralization, distrust of democratic processes and institutions—solely by armaments or economic controls, least of all now that the end of hostilities forces us to reconvert to peacetime life in Europe.

Positive beliefs, reflected in positive policies, are needed if the defeat of Germany is not to leave Europe so disoriented and disintegrated that another form of totalitarianism, this time of the Left, would appear to be the only way out.

WHAT IS "DEMOCRACY?" Again and again, most recently at the Yalta Conference, the great powers have expressed their determination to foster "democracy" in Europe. No attempt, however, has been made publicly to define "democracy." To Anglo-Saxons the term usually means the opportunity freely to elect political leaders, with such corollaries as freedom of the press, of assembly, of discussion and criticism. Political democracy as so understood has been promised by the United States and Britain to all liberated countries. Yet reasons of military security, predilections for one type of government as against another, and fear of disorder have caused the Western Allies to qualify considerably their promise of political freedom in countries under their control, notably in Italy and Greece. The tendency of Britain to deprecate the rise to power of anti-Fascist groups in Italy and to favor retention of the monarchy, and the seemingly negative attitude of the United States, have given little support to Italian anti-Fascists. It is all the more encouraging that, even under these circumstances, the six parties now active in Italian political life have been able to steer a middle course between Right and Left extremism, and to agree, on June 17, on the choice of Ferruccio Parri, of the Action party, a prominent Partisan leader in northern Italy, as Premier of a reconstructed cabinet in which Pietro Nenni, Socialist, and Manlio Brosio, Liberal, will serve as Vice Premiers.

HOW RUSSIA SEES IT. But even in countries where political democracy has been long in existence, and conditions are favorable to its restoration—

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France, Holland, Belgium, Norway, Denmark—it is already clear that people are preoccupied not only with freedom to vote, but even more urgently with freedom to work and to eat. When the Russians speak of "democracy" it is not in terms of political freedom (which they themselves have experienced only briefly throughout their history), but in terms of economic and social opportunities for the masses. When it is objected, quite correctly, that the Russian standard of living is far lower than that of leading Western countries, the Russians reply that they have been in the process of industrializing a backward nation which during the past quarter of a century has been dominated by fear of war. They contend that, once this fear has been eliminated by strong security measures, national and international, Russia will experience a marked rise in living standards. Russia's economic and social promises, as well as achievements, have made a profound impression on adjoining backward areas in Europe and Asia, where peoples who have had little or no experience with political democracy regard any improvement in material well-being, however slight, as a step forward and, rightly or wrongly, believe that pre-war ruling groups or individuals prevented such improvements.

When the Russians place on trial the sixteen Poles accused of "diversionary activities" in Poland during the war, they place on trial not so much the indi-

viduals concerned as a way of life which, in their opinion, produced a hostile attitude toward Russia and toward Polish elements supporting Russia. Yet they have recognized the need for a government in Poland which would represent other elements than those already represented in the Lublin regime. The decision to make a fresh attempt to broaden that regime by the inclusion of Poles like Stanislaw Mikolajczyk and Jan Stanczyk who arrived in Moscow on June 16 in an effort to break the deadlock reached over the Yalta agreement.

The best hope for Europe is that the Western powers and Russia will ultimately agree that political freedom without social and economic content is an empty shell, but that social and economic welfare cannot be assured above the mere level of subsistence without the voluntary participation of the people through political action. Skeptics question whether such agreement can be reached in the foreseeable future, and doubt, for this reason, that the Western powers and Russia can work together in an international organization of which their wartime alliance must be the core. But it would certainly be defeatist to abandon hope for cooperation between wartime allies when all of us have only begun to fight for peace.

VERA MICHELES DEAN

WHAT STAND WILL U.S. TAKE ON FUTURE OF COLONIAL ASIA?

The freeing of eight imprisoned leaders of the Indian National Congress, including Jawaharlal Nehru, may prove as significant a bid for political agreement in India as the actual content of the British White Paper announced on June 14. The current British statement is a reaffirmation of the Cripps proposals, which were rejected by the various Indian groups a little more than three years ago. What London has now done is largely to take one aspect of the discussions held at that time—namely the composition of the Viceroy's Executive Council—and urge the Indian parties to cooperate with Britain in this respect. Specifically, the Indians are being invited to fill all the seats in the Executive Council except the posts of Viceroy and War Minister, which would remain in British hands.

If accepted, the new proposals will break the wartime deadlock, while allowing all essential powers to remain with the Viceroy, who has a veto over the composition of his Executive Council and the official actions of its members. The crucial question for the Indian parties is whether they should overlook the offer's defects and accept it—perhaps with modifications—as a means of emerging from the sterile atmosphere of recent Indian politics. Participation in government might enable the Indian National Congress to develop cooperation with the Moslem

League and to convert the present White Paper into something broader than it now is. The decision would undoubtedly be much easier for the Congress if the release of political prisoners had not been limited to eight leaders among the many detained by the authorities.

AMERICA'S STAKE IN COLONIAL EAST. The new developments in India, when viewed against the background of the war with Japan, suggest the need for a clearer American policy on colonial areas, especially in Asia, where most of the world's colonial population lives. The interest of the American people in these areas can be stated as follows:

(1) *Cooperation with the peoples of the East Indies, Malaya, Indo-China and other colonies will save American lives in the war against Japan.* This was even more true six months or a year ago, when the Japanese hold on Southeast Asia was firmer than it is today, but the aid rendered by local guerrilla groups in the Philippines and Burma shows the importance of enlisting all possible help from native populations. This does not mean that we need idealize the state of development, politically or otherwise, of the colonial peoples, many of whom are quite backward. The main proposition is this: we can use whatever support they can give, but to secure maximum help the powers must demonstrate by their

actions that victory over Japan will mean a better life for colonial nations.

(2) *The preservation of peace in the Far East after the war rests partly on satisfying the national aspirations of peoples who have hitherto enjoyed neither independence nor self-government.* If the Western powers move too slowly in abandoning colonial rule, the logical outcome will be the outbreak of nationalist revolts over a wide area. The history of independence movements shows that these upheavals generally involve the great powers. Just as France, Spain and the Netherlands supported the American colonists in the eighteenth century, so the powers would tend to line up on one side or the other in future colonial uprisings. Under such circumstances, it is impossible to imagine that the Big Five would take unified action to prevent the resurgence of a militarist Japan, or to deal with other issues that might arise in Asia.

(3) *The rise of new national states would aid the development of Asiatic markets for the products of the United States.* The colonial market, although often profitable for particular countries or exporters, is not a large market, as comparisons between the purchasing power of colonial and independent peoples readily reveal. It is true that under Western rule some progress has taken place in colonial areas and that independence in itself is no guarantee of prosperous development. But it is clear that full expression of the material and spiritual potentialities of the Asiatic peoples can occur only under national rule, difficult though the process of establishing effective national government may prove.

OUR POSITION ON TRUSTEESHIP. If these objectives correspond to the interests of the United States, then the course followed by the American delegation at San Francisco on the subject of trusteeship is open to question. For this country showed little official interest in colonial independence and was concerned most of all with the establishment of American control over the mandated islands captured from Japan. Desirable though this goal may be from the point of view of national security, the American stand at the United Nations conference makes it difficult for us in the future to question measures which other nations may take in colonial areas on grounds of security. Moreover, our effort to distinguish between strategic and non-strategic zones, while perhaps feasible among the sparsely settled Pacific islands, does not provide an adequate approach to the problems of the teeming

millions of India and Southeast Asia. And certainly the unwillingness of the United States, despite its policy in the Philippines, to put itself on record in favor of colonial independence will not increase our prestige among politically conscious groups in the colonies, from whom Asia's future leaders will come.

It is true that dominion self-government may meet the needs of some colonies, but there is reason to doubt whether a country like India will be satisfied to develop within the framework of a dominion relationship. It is also true that American policy in the Philippines compares favorably with that of other colony-holding powers in their possessions. Yet, a satisfactory attitude toward the 16,000,000 people of the Philippines—assuming that we aid the islands in the future to establish a sound economic basis for political independence—does not relieve us of the responsibility for taking a constructive interest in developments elsewhere in colonial Asia.

The United States, of course, would not wish to express an opinion on every colonial event of significance, for this could only produce sharp antagonisms between ourselves and such allies as Britain, France and the Netherlands. Nor would it be wise to overlook the economic and political importance of India for Britain, Indo-China for France or the Indies for the Netherlands. It is plain that the United States will be in the best position to work for satisfactory evolution of the colonial world toward more adequate forms of government and economic life if this country's economic policies take into account the difficult position of the colonial powers.

At the same time, it is important that the United States keep the record straight concerning its own sympathy for the aspirations of the colonial peoples, even though it should be aware that these aspirations will not be realized according to a pat formula or at the same rate in different areas. To the extent that useful opportunities arise, either publicly or in the day-to-day operation of diplomacy, we should express our interest in a sound adjustment of colonial issues. Failure to do so would mean abandonment of America's potentialities for constructive leadership in the Far East.

LAWRENCE K. ROSINGER

(The second in a series of articles on America's Far Eastern policy.)

The Coming Air Age, by Reginald M. Cleveland and Leslie E. Neville. New York, Whittlesey House, 1944. \$2.75

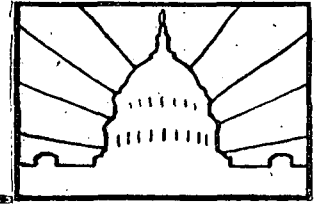
The editors of Aviation Research Associates discuss the probable status of aviation at the end of World War II. Indicating the impact of the airplane on modern society, the authors chart the future development of this agency of transportation.

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Washington News Letter



EXPANSION OF WORLD TRADE REQUIRES GREATER U.S. IMPORTS

As the time approaches for making a decision on this country's post-war international commercial policy, the Washington Administration realizes more and more clearly that a policy which would restrict Britain's trade position in the world might be detrimental to our long-term economic interests. The United States entered the war partly as a result of its determination to assure the survival of Britain as a free state, and it would be folly now to undo the work of war by an insufficiently considered program of peace. However, the Administration apparently does not believe that the British will succeed in safeguarding their own interests by restrictive bilateral practices in the form of sterling blocs and imperial preference.

ATLANTIC CHARTER ON TRADE. The Administration takes as the starting point of its international economic program part of the fourth paragraph in the Atlantic Charter in which President Roosevelt and Prime Minister Churchill declared that "they will endeavor, with due respect for existing obligations, to further the enjoyment by all States, great and small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity." Britain's current commercial policy shows certain tendencies contrary to this pledge, but restoration of peacetime conditions may alter its course.

The war has strengthened the contemporary British policy of restriction, which dates only from 1932. Then the United Kingdom, harassed by hard times and the rise of trade barriers elsewhere, inaugurated a system of imperial preferences through the Ottawa Agreements, began to seek special trade arrangements in individual countries through such instruments as the Roca-Runciman agreement with Argentina, and started to establish the sterling bloc. However, as Frank W. Fetter of the Department of State remarks in an article on Anglo-American trade interests published in the *State Department Bulletin* of March 25, 1945, only in 1940 did the bloc "take on its present legal significance of an area that maintains a rigid exchange control as against the rest of the world." Today the sterling bloc still retains that significance.

TIMING OF RECONVERSION. Britain might more rapidly return to its pre-1932 policy if it were certain that the United States would not outstrip

it in reconverting to normal production for export, and if it could accept with greater equanimity the expanding trade interests of this country in areas like the Middle East and Spain, where British goods always used to get first call. The race for industrial export markets begins at the factories—and if the factories of the United States should produce export commodities ahead of British competitors, the British would favor more than ever continuance of the sterling bloc, which assures their exports a definite market in a limited area.

The Britisher, whose country's welfare, and even survival, depends on exports, sees two wartime changes in the United States with respect to foreign trade. (1) As a result of the war, the United States has become the greatest exporter in the world's history—\$38,972,000,000 worth of goods under lend-lease from March 1941 to April 1, 1945, and unreported billions in ordinary commerce. American commodities are far better known abroad than ever before. (2) As a result of wartime plans to keep unemployment at a minimum, the United States for the first time in a century looks on exports as a significant and integral part of the national economy, whereas before they were viewed simply as the "reservoir" of our commerce.

The Washington Administration has reached the tentative conclusion that the soundest commercial policy for both this country and Britain is multilateral exchange with the fewest possible restrictions. Action on the Bretton Woods agreement, and especially on the Trade Agreements Act now before the Senate, will reveal whether this country has come to realize that the need for imports is as important as that for exports. According to the view of the most responsible quarters here, only the greatest possible liberty of trade will permit the world movement of enough commerce among nations to provide an adequate volume of exports and imports for any one of the nations, including the British. Since it is estimated that Britain must increase its exports at least 50 per cent above the prewar level, it is apparent that keen rivalry for trade outlets between the two countries must ensue. This serious commercial problem must be met with sincere determination to promote the international harmony of both countries while advancing the economic interests of each.

BLAIR BOLLES

(The second of two articles on American commercial policy.)

FOR VICTORY • BUY UNITED STATES WAR BONDS

of international conflict, civil wars and nationalist revolutions against foreign control are very real in the vast crescent stretching eastward from India. It is true that no policy the United States alone may adopt can guarantee a satisfactory evolution for the billion-odd people of Asia, but our course and that of the Soviet Union will be two leading determinants of the future.

The crucial issue now before us in the Far East is whether to concentrate on building positions against the Russians in preparation for another war, or to work on the assumption that Russians and Americans can iron out their differences and live together peacefully. The consequences involved in adopting the former policy should be faced now. In Japan, after that country's defeat, an anti-Russian outlook might impel the United States toward cooperation with elements interested in reviving Tokyo's military power—elements that would offer themselves as a "bulwark" against the U.S.S.R. in an effort to make us forget that the last time Japan was strong it attacked Pearl Harbor, not Vladivostok. In China we might tend to become mortally afraid both of forward-looking guerrilla administrations and of democratic leaders and groups in the territory of the Central government, and might find ourselves drawn toward unconditional support of circles hostile to the Russians and to progressive internal changes. In colonial Asia we would be inclined to see in every nationalist movement the seeds of Russian influence, and might be induced to use our weight to buttress the weakened structure of colonialism.

RUSSIA'S ROLE IN FAR EAST. Many of the Asiatic leaders who wish to develop their countries along independent, modern, industrialized lines are men of wealth and conservative outlook; but, like the European forces of resistance, the great popular movements which alone could make this goal attainable will probably be left of center. It can be taken for granted that, however varied their points of view may be, these Asiatic movements will not be actuated by hostility toward Russia. This is particularly true because the achievements of the U.S.S.R. in modernizing its industry and agriculture during the past generation, the progressive nationalities policy of the Russians toward the Asiatic peoples within their borders, and the absence of any Soviet stake in the existing colonial system, all tend to give the U.S.S.R. prestige among millions of men and women in the Far East. There are also many important factors making for American prestige in Asia, but these

would be dissipated if, through fear of the Russians, we were to allow ourselves to be alienated from the popular forces in the Far East. The late Wendell Willkie understood this well, and it was one of his main concerns to demonstrate that our lasting self-interest lies in cooperating both with the Russians and with forward-looking Asiatic leaders and groups.

It would be dangerous to assume that our Far Eastern relations with Russia are largely a question for the post-war period, since much fighting remains to be done in Asia. General Joseph W. Stilwell, Chief of Army Ground Forces, who recently conferred with General MacArthur, declared on bloody Okinawa last week that the war with Japan "will take a long time—easily two years." Whether or not this prediction proves correct, we clearly would be impeded on the road to Tokyo if an anti-Russian orientation in foreign policy were allowed to interfere with our securing as much aid as possible from the Russians, the Chinese guerrilla forces, and other popular movements in Asia. Significantly, the record shows that during his service in China General Stilwell worked unceasingly to promote Chinese unity and to lay a firm basis for American-Soviet cooperation.

Any satisfactory Far Eastern policy must recognize that it is at least as reasonable for the Russians as for ourselves to be interested in Manchuria, Korea and other territories which lie directly across the borders of the U.S.S.R., but are a considerable distance from the United States. Nor should it be assumed that any expression of interest automatically indicates Moscow's desire to annex or gain unwarranted influence in lands not belonging to it.

Our policy should also be based on the premise that it is essential to seek common solutions with the Russians instead of jumping to the conclusion that their position is inevitably unreasonable. It is true that satisfactory American-Soviet relations depend on Moscow as well as on Washington and that the Russians, like ourselves, may make mistakes in the Far East. But the Soviet record in that region is in certain respects better than our own, for the U.S.S.R. supported Chinese resistance and opposed Japanese aggression at a time when the United States was still sending oil and scrap iron to Tokyo. Under the circumstances we should be at least as aware of our responsibility for peace in the Far East as we are of the responsibility borne by the Russians.

LAWRENCE K. ROSINGER

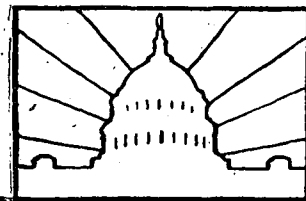
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Washington News Letter



WILL U.S. TARIFF CUTS LEAD TO FREER WORLD TRADE?

The Administration must soon make up its mind what obligations it will ask the allies of the United States to assume in satisfaction of Article VII of the Master Lend-Lease Agreement which, in vague terms, calls for a reduction of national trade barriers. The scope of the Administration proposal will depend on whether the Senate approves the pending Trade Agreements bill, already passed by the House, which authorizes the President to cut down existing American tariffs by 50 per cent. The Senate Finance Committee struck this clause from the bill on June 8.

SEARCH FOR ECONOMIC POLICY. Senate approval of the bill would encourage the Administration to arrange for a world trade conference, which it has been considering for some time, and which might give concrete form to the promise in Article VII. Government officials still hope that by means of such a conference, and implementation of Article VII, they can induce other countries to weaken the trade-restraining power of private cartels, reduce quota, exchange and tariff restrictions on commerce, and perhaps agree to a gradual elimination of regional trade preference systems.

Recent expressions of American opinion indicate that the Administration would have domestic support for a policy of international cooperation in the fields of trade and finance. The House of Representatives on June 7, by a vote of 345 to 18, approved the Bretton Woods agreement for establishment of an international monetary fund and a bank for reconstruction, in both of which the United States would participate. Republicans voted with Democrats to pass Bretton Woods, and on the same day Thomas E. Dewey, Governor of New York and 1944 Republican candidate for President, proposed that the United States call a conference for lowering trade barriers. Alfred M. Landon, 1936 Republican candidate for the Presidency, had previously advocated a low tariff policy for the United States. These statements by leaders of the party which in American political life has been traditionally protectionist show a marked change in opinion as compared with 1919. World War I, in Dewey's words, was succeeded by a "battle royal in economic warfare. . . . Here was a grim game which weakened and divided the nations which carried high the banner of freedom while the totalitarian aggressors grew bold and strong."

The vote on Bretton Woods and the Dewey statement, however, are not conclusive signs that the

American attitude has fundamentally changed. A strong opposition to the encouragement of foreign commerce in competition with our own still exists on the part of industry and labor. The weakness of the economic charter agreed upon at the Mexico City conference in March reflected this opposition. The United States delegation believed that it would get insufficient backing at home—especially from small manufacturers—for positive commitments to help Latin American industry. The Senate has yet to pass on the international fund and bank, and it may decide not to grant the President tariff-cutting powers.

PROBLEM OF FOREIGN OPINION. The formulation of a program aimed at reducing commercial restrictions will depend on opinion abroad as well as at home. Some overseas observers consider the current American campaign against trade restriction as the 1945 version of commercial nationalism, since this country is in a better position than any other to gain from free competition. It remains to be seen whether Britain and the Soviet Union will readily accept the Administration proposition that an agreement for cooperation in commercial policy is a corollary of the charter for cooperation on security matters being drafted at San Francisco. The conference committee working there on the Economic and Social Council chapter agreed that the United Nations organization should have only powers of recommendation respecting the social and economic policy of nations. The fact that the United States strongly supported this limitation might lessen this country's effectiveness in pressing for mandatory commercial commitments by other nations.

"The urge toward empire preference is stronger than ever and an influential section of British opinion has urged the creation of a tightly knit sterling bloc within which trade would be encouraged to the exclusion of non-sterling nations," Governor Dewey said. Should the United States advocate a policy that might depress the British economy? Will Russia's trading policy, which has totalitarian aspects reflecting the nature of its political system, prove incompatible with a program for comparatively free competition? An international commercial conference at which these questions would be considered would test to the utmost the statesmanship and powers of persuasion of the United States.

BLAIR BOLLES

(The first of two articles on America's international commercial policy.)

FOR VICTORY • BUY UNITED STATES WAR BONDS